



April 21, 2011

U.S. Department of the Treasury  
Office of the Comptroller of the Currency  
250 E Street, SW., Mail Stop 2-3  
Washington, DC 20219  
Docket Number OCC-2011-0002

U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090  
Attn.: Elizabeth M. Murphy, Secretary  
File Number S7-14-11

Board of Governors of the Federal Reserve  
System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551  
Attn: Jennifer J. Johnson, Secretary  
Docket No. R-1411

U.S. Federal Housing Finance Agency  
Fourth Floor  
1700 G Street, NW  
Washington, DC 20552  
Attn.: Alfred M. Pollard, General Counsel  
RIN 2590-AA43

Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429  
Attn.: Comments, Richard E. Feldman,  
Executive Secretary  
RIN 3064-AD74

U.S. Department of Housing and Urban  
Development  
Regulations Division  
Office of General Counsel  
51 7th Street, SW, Room 10276  
Washington, DC 20410-0500

**Re: Credit Risk Retention; Proposed Rule**

Ladies and Gentlemen:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> is actively considering how to respond in an effective and constructive manner to the request for comment by the Department of the Treasury, Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Federal Housing Finance Agency, and the Department of Housing and Urban Development (collectively, the “Agencies”) on the Agencies’ jointly proposed rules to implement the requirements of section 941(b) of the Dodd–Frank Wall Street Reform and Consumer Protection Act.

As a result of conversations with representatives of the Agencies, in which we have sought to better understand certain aspects of the proposed rules in order to craft a useful response, it has become apparent to us that the Agencies’ intent may not, in critical respects, be fully and accurately

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<sup>1</sup> The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA's mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, please visit [www.sifma.org](http://www.sifma.org).

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[www.sifma.org](http://www.sifma.org) | [www.investedinamerica.org](http://www.investedinamerica.org)

reflected in the proposed rules and the accompanying supplementary information. In particular, the key concept of “par value” is used in the proposed rules, but is not defined. An accurate understanding of the intended meaning of this term is vital to an understanding of the proposed rules.

Under the proposed rules, calculation of the amount of required risk retention under the horizontal and (in part) the L-shaped risk retention methods, and the risk retention options for eligible ABCP conduits and commercial mortgage-backed securities, would be based on a percentage of the par value of the ABS interests in an issuing entity. In addition, the calculation of additional required risk retention in a premium capture reserve account, if applicable, would be based on the amount by which gross proceeds net of closing costs exceed a percentage of the par value of the ABS interests in an issuing entity.

The par value of a security is generally understood in the market to refer to the stated value or face amount of the security. However, it has come to our attention that the Agencies may have conceived of par value as somehow related to or involving a calculation of the market value of an issuing entity’s ABS interests. This is a crucial distinction which, we can assure you based on discussions with our members, is not well understood by those who have read the proposed rules and the accompanying commentary.

We request that the Agencies publish, as promptly as practicable, an explanation of what “par value” is intended to mean as this term is used in the proposed rules for credit risk retention. Such a clarification would greatly enhance the likelihood that the comments received by the Agencies on the proposed rules are useful to the Agencies in crafting final rules that will implement the intent of the Congress as expressed in the “skin in the game” provisions of the Dodd-Frank Act.

We appreciate your consideration of this request. Please feel free to contact the undersigned at 212.313.1359 or [rdorfman@sifma.org](mailto:rdorfman@sifma.org).

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Richard A. Dorfman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Richard A. Dorfman  
Managing Director  
Head of Securitization